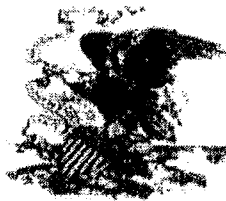


STATE OF ILLINOIS



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

OMNI INDEMNITY COMPANY
601 WEST MONROE
SPRINGFIELD, ILLINOIS 62704

MARKET CONDUCT EXAMINATION WARRANT

I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 5/131.21, 5/132, 5/401, 5/402, 5/403 and 5/425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/401, 5/402 and 5/425) do hereby appoint Bernie Sullivan, Examiner-In-Charge and associates as the proper persons to examine the insurance business and affairs of Omni Indemnity Company of Springfield, Illinois, and to make a full and true report to me of the examination made by them of Omni Indemnity Company with a full statement of the condition and operation of the business and affairs of Omni Indemnity Company with any other information as shall in my opinion be necessary to examine the condition and operation of its business and affairs and the manner in which it conducts its business.

The persons so appointed shall also have the power to administer oaths and to examine any person concerning the business, conduct, or affairs of Omni Indemnity Company.

IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed the Seal of my office.

Done at the City of Springfield, this 13th day of December, 2000



Michael T. McRaith
Michael T. McRaith

Director

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



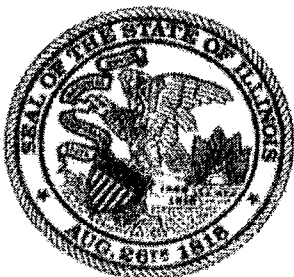
IN THE MATTER OF THE EXAMINATION OF

OMNI INDEMNITY COMPANY
601 WEST MONROE
SPRINGFIELD, IL 62704

MARKET CONDUCT EXAMINATION WARRANT

I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 132, 401, 401.5, 402, 403 and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/401.5, 5/402, 5/403, and 5/425) do hereby appoint Scott A. Hanfling, Mark Wilson, Tim Kelly, and Meghan Welch at Kerns Frost & Pearlman, LLC as Examiners to assist the Illinois Department of Insurance ("Department") in the completion of the market conduct examination of Omni Indemnity Company, NAIC # 34940, (the "Company") by reviewing and completing the examination report prepared by Examiner in Charge, Bernie Sullivan, including the review of any objections or rebuttals submitted by the Company regarding the findings of such reports, and drafting of any related Stipulation and Consent Order for the review and approval of the Director. The costs of this examination shall be borne by the Company.

The persons so appointed shall also have the power to administer oaths and to examine any person concerning the business, conduct, or affairs of the Company.



IN TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed this Seal.

Done at the City of Chicago, this 1st day of October, 2012.

Andrew Boron
Andrew Boron

Director

This Market Conduct Examination was conducted pursuant to Sections 5/132, 5/401, 5/402, 5/403 and 5/425 of the Illinois Insurance Code (215 ILCS 5/132 5/401, 5/402, 5/403 and 5/425). It was conducted in accordance with standard procedures of the Market Conduct Examination Section by duly qualified examiners of the Illinois Department of Insurance.

This report is divided into five parts. They are as follows: Summary, Background, Methodology, Findings and Technical Appendices. All files reviewed were reviewed on the basis of the files' contents at the time of the examination. Unless otherwise noted, all overcharges (underwriting) and/or underpayments (claims) were reimbursed during the course of the examination.

No company, corporation, or individual shall use this report or any statement, excerpt, portion, or section thereof for any advertising, marketing or solicitation purpose. Any company, corporation or individual action contrary to the above shall be deemed a violation of Section 149 of the Illinois Insurance Code (215 ILCS 5/149).

The Examiner-in-Charge was responsible for the conduct of this examination. The Examiner-in-Charge did approve of each criticism contained herein and has sworn to the accuracy of this report.

James J. Morris
Assistant Deputy Director
Market Conduct and Analysis Section

OMNI INDEMNITY COMPANY

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: January 3, 2011, through March 25, 2011

EXAMINATION OF: Omni Indemnity Company
(P & C Domestic)

LOCATION: 2018 Powers Ferry Road
Atlanta, GA 30339

**PERIOD COVERED BY
EXAMINATION:** December 1, 2009 through November 30, 2010

EXAMINERS: Bernie Sullivan Jr. LUTCF
Examiner-in-Charge

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I. SUMMARY

1. The Company was criticized under 215 ILCS 5/143.15 for failing to provide 30 day advance notice of cancellation. A class trend criticism was issued in the automobile cancellation survey.
2. The Company was criticized under 50 Ill. Adm. Code 919.80(b)(2) for failing to provide insureds with a reasonable explanation for delay in payment of claims. Class trend criticisms were issued in the first party paid, first party closed without payment, and total loss surveys.
3. The Company was criticized under 50 Ill. Adm. Code 919.80(b)(3) for failing to provide third party claimants with a reasonable explanation for delay in payment of claims. A class trend criticism was issued in the third party paid survey.
4. The Company was criticized under 50 Ill. Adm. Code 919.80(c) for failing to provide insureds with the minimum information contained in the right of recourse letter known as Exhibit "A" and failing to provide this information within 7 days of determination of the total loss. A class trend criticism was issued in the total loss survey.
5. The Company was criticized under 215 ILCS 5/154.6d for failing to pay the full amount of the calculated total loss value resulting in an underpayment of \$31.17. A refund was processed during the examination.
6. The Company was criticized under 215 ILCS 5/154.6r for failing to treat all insureds equally resulting in underpayments totaling \$425.00. The practice of the Company is to pay the tax, title and transfer fees at settlement without proof of purchase of a replacement vehicle. In four (4) total loss claims, the Company failed to pay the correct amount. Refunds were processed during the examination.
7. The Company was criticized under 50 Ill. Adm. Code 919.80(d)(3) for deducting \$1,000.00 from the settlement amount of one claim for advanced storage charges when the charges were not a result of the insured's actions. A refund was processed during the examination.
8. The Company was criticized under 50 Ill. Adm. Code 919.80(b)(2) for failing to maintain a median of 40 days or below in the total loss survey. The median calculated for the survey was 44 days. A general trend criticism was issued.

II. BACKGROUND:

Omni Indemnity Company

Omni Insurance Company is an Illinois domiciled multiple line property and casualty insurance company that was organized June 30, 1980, in Georgia as American Hannover Insurance Company. It began business as a reinsurer on September 19, 1980. At inception, Omni Insurance Company was a wholly-owned subsidiary of Hannover Holdings, Inc.

A new holding company was formed on June 2, 1986, when Hannover and Sunbelt Life Insurance Company became the Omni Insurance Group. In 1989, Sunbelt Life Insurance Company amended its charter to become a property casualty insurer. The name of the successor company was Omni Indemnity Company. Omni Indemnity received a Certificate of Authority from its domicile State, Georgia, in November 1989.

On December 1, 1994, the Illinois Department of Insurance granted approval for Omni Insurance Company to move its domicile from Georgia to Illinois. The change was approved by the Georgia Department of Insurance and became effective December 31, 1994.

On June 10, 1996, Omni Indemnity Company officially changed its domicile from Georgia to Illinois. Its Articles of Reorganization and Bylaws were amended on July 18, 1996.

On February 12, 1998, all outstanding stock of the Omni Group was acquired by The Hartford Financial Service Group, Inc.

On November 30, 2006, Omni Insurance Group, Inc. was acquired by American Independent Companies, Inc., a subsidiary of Independent Insurance Investments, Inc.

Omni Indemnity writes non-standard automobile insurance in Alabama, Georgia, Florida, and Illinois.

III. METHODOLOGY:

The Market Conduct Examination places emphasis on an insurer's systems and procedures used in dealing with insureds and claimants.

The following categories are the general areas examined:

1. Risk Selections
2. Underwriting
3. Claims
4. Complaints

The review of these categories is accomplished through examination of individual claim files, written interrogatories and interviews with Company personnel. Each of these categories is examined for compliance with Department of Insurance rules and regulations and applicable state laws.

The report concerns itself with improper practices performed with such frequency as to indicate general business practices. Individual criticisms are identified and communicated with the insurer, but not cited in the report if not indicative of a general trend, except to the extent that there were underpayments and/or overpayments.

The following method was used to obtain the required samples and to assure a methodical selection. Surveys were developed from Company generated Excel spreadsheets. Random statistical printout reports were generated by the examiners and presented to the Company for retrieval.

Risk Selection

Cancellations and nonrenewals were requested on the basis of the effective date of the transaction falling within the period under examination. They were reviewed for their compliance with statutory requirements, the accuracy and validity of reasons given, and for any possible discrimination.

Underwriting

New files were selected based on the inception date falling within the period under examination. New policies were reviewed for rating accuracy, use of filed rates, use of filed forms, compliance with Company underwriting guidelines, and to ensure that the protection provided was as requested.

Claims

Claims were requested based on the settlement occurring within the period under examination.

All claims were reviewed for compliance with policy contracts and endorsements, applicable sections of the Illinois Insurance Code (215 ILCS 5/1 et seq.) and Part 919 (50 Ill. Adm. Code 919).

Selection of Samples

<u>Survey</u>	<u>Population</u>	<u># Reviewed</u>	<u>% Reviewed</u>
Risk Selection:			
Automobile Cancellations	95	95	100.00%
Automobile Nonrenewals	9	9	100.00%
Underwriting:			
Automobile Non-Standard New Business	3387	116	3.42%
Claims:			
First Party Paid & Median	82	82	100.00%
First Party Closed without Payment	80	80	100.00%
Third Party Paid & Median	198	89	44.94%
Third Party Closed without Payment	47	47	100.00%
Subrogation	1	1	100.00%
Total Losses	68	68	100.00%
Department & Consumer Complaints:			
Complaints	6	6	100.00%

IV. FINDINGS:

A. Risk Selections:

1. Automobile Cancellations

Four (4) automobile cancellation files (4.16% of the 96 files reviewed) failed to maintain the required proof of mailing as mandated by 215 ILCS 5/143.14.

Ninety-two automobile cancellation files (96.84% of the 95 files reviewed) failed to provide a 30 day advance notice of cancellation as required by 215 ILCS 5/143.15. A class trend criticism was issued.

2. Automobile Nonrenewals

There were no criticisms in this survey.

B. Underwriting:

1. Automobile Non-Standard New Business

There were no criticisms in this survey.

C. Claims:

1. First Party Paid & Median

The median payment period was 17 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	57	69.51%
31-60	19	23.17%
61-90	4	4.88%
91-180	2	2.44%
181-365	0	0.00%
<u>Over 365</u>	<u>0</u>	<u>0.00%</u>
Total	82	100.00%

Five (5) first party paid claims (6.09% of the 82 files reviewed but 100.00% of the files requiring a delay letter) failed to provide a reasonable explanation for delay as required by 50 Ill. Adm. Code 919.80(b)(2). A class trend criticism was issued.

2. First Party Closed without Payment

Nine (9) first party closed without payment claims (11.25% of the 80 files reviewed) failed to provide a reasonable written explanation for delay to the insured as required by 50 Ill. Adm. Code 919.80(b)(2). A class trend criticism was issued.

3. Third Party Paid & Median

The median payment period was 33 days where subrogation was not pursued and 36 days where subrogation was pursued. The median payment period for all third party claim files used was distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	32	36.36%
31-60	26	29.55%
61-90	9	10.23%
91-180	16	18.18%
181-365	5	5.68%
<u>Over 365</u>	<u>0</u>	<u>0.00%</u>
Total	88	100.00%

Two (2) third party paid claims (2.24% of the 89 files reviewed) failed to conduct a prompt investigation by not attempting to contact the claimants within 21 days as specified in 50 Ill. Adm. Code 919.40 and mandated by 215 ILCS 5/154.6(c).

Fourteen (14) third party claim files (15.73% of the 89 files reviewed) failed to provide the claimant with a reasonable written explanation for delay as required by 50 Ill. Adm. Code 919.80(b)(3). A class trend criticism was issued.

4. Third Party Closed without Payment

Three (3) third party closed without payment claims (6.38% of the 47 files reviewed) failed to make a bonafide attempt to contact the claimant as mandated in 215 ILCS 5/154.6(c) and as defined 50 Ill. Adm. Code 919.40.

Three (3) third party closed without payment claims (6.38% of the 47 files reviewed) failed to provide a reasonable written explanation for delay as required by 50 Ill. Adm. Code 919.80(b)(3).

5. Subrogation

There were no trends or areas of concern.

6. Total Losses

The median payment period was 44 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	15	22.06%
31-60	35	51.47%
61-90	8	11.76%
91-180	9	13.24%
181-365	1	1.47%
<u>Over 365</u>	<u>0</u>	<u>0.00%</u>
Total	68	100.00%

Thirty five (35) total loss claim files (51.47% of the 68 files reviewed and 100.00% of the files remaining unresolved after 40 days and therefore requiring a delay letter) failed to provide the insured with a reasonable written explanation for delay in payment of the claim in violation of 50 Ill. Adm. Code 919.80(b)(2). No reasonable explanation was provided in the status letters sent. A class trend criticism was issued.

Sixty eight (68) total loss claim files (100.00% of the 68 files reviewed) either failed to provide the minimum information contained in Exhibit A (17 files) or failed to provide the minimum information within 7 days of determination of the total loss (51 files) as required by 50 Ill. Adm. Code 919.80(c). A class trend criticism was issued.

In one (1) total loss claim file (1.47% of the 68 files reviewed) the company failed to pay the correct value of the vehicle as determined in the evaluation process resulting in an underpayment of \$31.17. Therefore, the Company failed to effectuate a fair and equitable settlement as mandated in 215 ILCS 5/154.6(d). A refund was processed during the examination.

Four (4) total loss claim files (5.88% of the 68 files reviewed) failed to pay the title and transfer fees to the insured resulting in underpayments totaling \$425.00. The Company's practice is to pay the tax, title and transfer fees at the time of settlement without proof of a replacement vehicle. In these four files, the Company either paid the incorrect amount (2 files) or failed to pay the fees (2 files). Therefore, the Company violated 215 ILCS 5/154.6(d) by failing to treat all insureds equally. Refunds were processed during the examination.

In one (1) total loss claim file (1.47% of the 68 files reviewed) the Company deducted \$1,000.00 for advance storage charged when it was not the result of the insured's action in violation of 50 Ill. Adm. Code 919.80(d)(3). A refund was processed during the examination.

The Company failed to maintain a median for the first party total loss claims of 40 days or less from the date of report of loss to the date of final payment. The median for the total loss survey was calculated which fails to satisfy the 40 day median in 50 Ill. Adm. Code 919.80(b0(2)).

D. Complaints

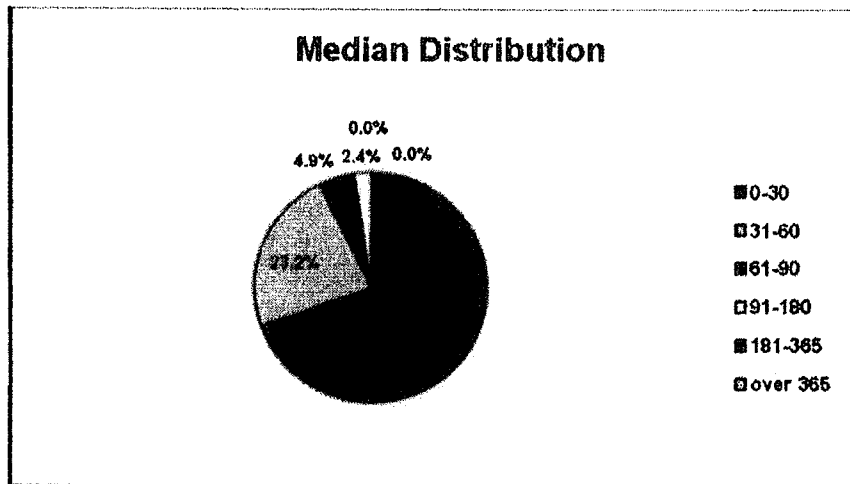
1. Department & Consumer Complaints

There were no criticisms in this survey.

V. TECHNICAL APPENDICES:

FIRST PARTY PAID & MEDIAN

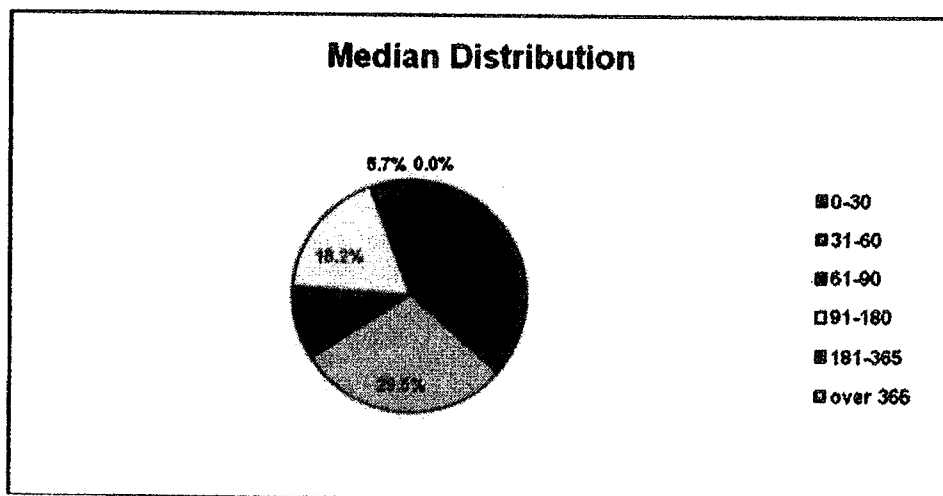
	MEDIAN DISTRIBUTION	
No. Days Category	Number	Percent
0-30	57	69.51%
31-60	19	23.17%
61-90	4	4.88%
91-180	2	2.44%
181-365	0	0.00%
over 365	0	0.00%
Total	82	100.00%



V. TECHNICAL APPENDICES: continued

THIRD PARTY PAID & MEDIAN

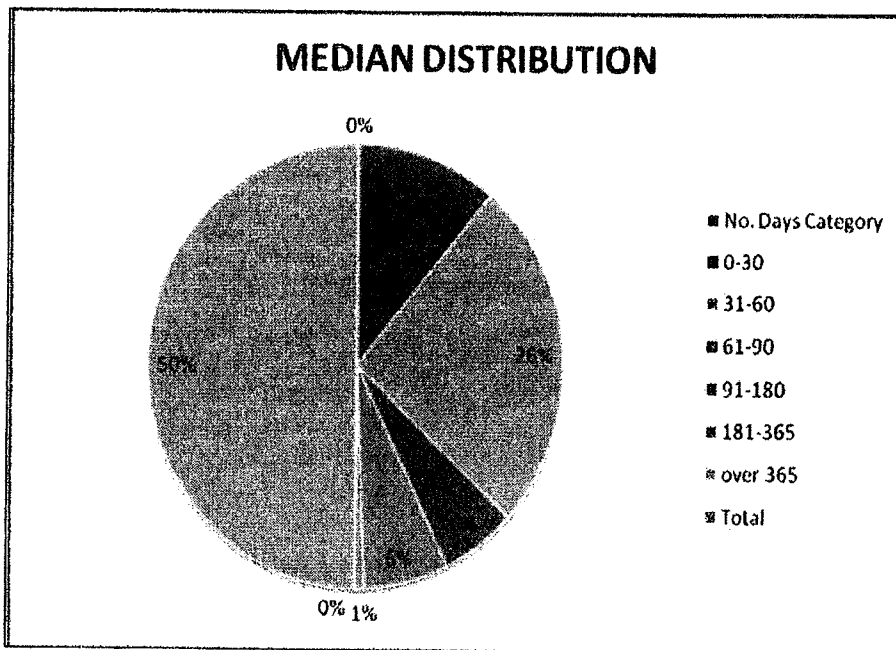
No. Days Category	MEDIAN DISTRIBUTION	
	Number	Percent
0-30	32	36.36%
31-60	26	29.55%
61-90	9	10.23%
91-180	16	18.18%
181-365	5	5.68%
over 365	0	0.00%
Total	88	100.00%



V. TECHNICAL APPENDICES: continued

TOTAL LOSS PAID

No. Days Category	MEDIAN DISTRIBUTION	
	Number	Percent
0-30	15	22.06%
31-60	35	51.47%
61-90	8	11.76%
91-180	9	13.24%
181-365	1	1.47%
over 365	0	0.00%
Total	68	100.00%



STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

Bernie Sullivan, being first duly sworn upon his oath, deposes and says:

That he was appointed by the Director of Insurance of the State of Illinois (the "Director") as Examiner-In Charge to examine the insurance business and affairs of Omni Indemnity Company, NAIC # 34940;

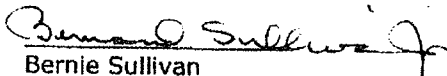
That, as Examiner-In-Charge, he was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Company with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish the Director with a statement of the condition and operation of the Company's business and affairs and the manner in which the Company conducts its business;

That neither he nor any other persons designated as examiners nor any members of their immediate families is an officer of, connected with, or financially interested in the Company nor any of the Company's affiliates other than as policyholders, and that neither he nor any other persons designated as examiners nor any members of their immediate families is financially interested in any other corporation or person affected by the examination;

That an examination was made of the affairs of the Company pursuant to the authority vested in the Examiner-In-Charge by the Director of Insurance of the State of Illinois;

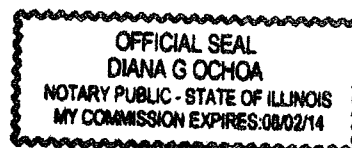
That he was the Examiner-In-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Company for the period covered by the Report as determined by the examiners;

That the Report contains only facts ascertained from the books, papers, records, or documents, and other evidence obtained by investigation and examined or ascertained from the testimony of officers or agents or other persons examined under oath concerning the business, affairs, conduct, and performance of the company.


Bernie Sullivan
Examiner-In-Charge

Subscribed and sworn to before me
this 27 day of October, 2012.


Notary Public





Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

November 29, 2012

Bruce Scott Arneson
President
Omni Indemnity Company
1862 Charter Lane
Suite 102
Lancaster, PA 17601

*sent via USPS certified mail
return receipt requested*

Dear Mr. Areneson :

A Market Conduct Examination of your companies was conducted by authorized examiners designated by the Director of Insurance pursuant to Illinois Insurance Code Sections 132, 401, 402, 403 and 425 of the Illinois Insurance Code. The examination covered the period December 1, 2009 through November 30, 2010.

As required by Illinois Insurance Code Section 132, please find attached a copy of the verified examination report. This Department is providing the examined companies an opportunity to make a written submission or rebuttal with respect to any matters in the attached report. Please provide any such written submission or rebuttals to the undersigned by close of business, Friday, December 28, 2012.

Illinois Insurance Code Section 132 provides that the Director of Insurance must afford your company an opportunity to demand a hearing with reference to the facts and other evidence contained in this report. Section 132 further provides that your company may request a Hearing within ten (10) days after receipt of the above Report by giving the Director of Insurance written notice of such request together with a statement of your objections. The deadline to request a hearing is hereby extended until December 28, 2012.

Please contact me if you have any questions.

Yours Truly,

James J. Morris
Assistant Deputy Director
Market Conduct and Analysis
Illinois Department of Insurance
320 West Washington Street
Springfield IL 62767
312-833-5582 mobile
217-557-8463 fax
james.j.morris@illinois.gov



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

January 3, 2013

Mr. Bruce Scott Arneson
President
Omni Indemnity Company
1000 River Road, Suite 300
Conshohocken, PA 19428

*sent via USPS certified mail
return receipt requested*

Re: Market Conduct Examination
Stipulation and Consent Order

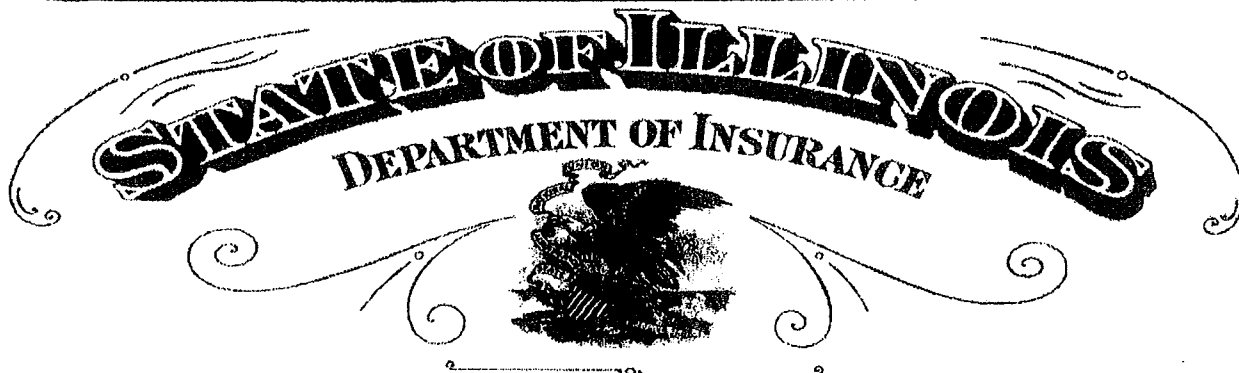
Dear Mr. Arneson :

Attached for your records is the captioned Stipulation and Consent Order which has been executed by yourself and Director Boron. Please be advised that the deadline to provide proof of compliance with Order # 9 and submit the \$10,000 civil forfeiture agreed to in Order # 10 is hereby extended to February 8, 2013.

Please contact me if you have any questions regarding this matter.

Sincerely,

Mary L. Smith
Chief Legal Counsel
Illinois Department of Insurance
James R. Thompson Center
100 W. Randolph St., Suite 9-301
Chicago, IL 60601-3395
312-814-4036
Mary.L.Smith@illinois.gov



IN THE MATTER OF:
Omni Indemnity Company
2018 Powers Ferry Rd.
Atlanta, Georgia

STIPULATION AND CONSENT ORDER

WHEREAS, Andrew Boron, the Director of the Illinois Department of Insurance of the State of Illinois, is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, Omni Indemnity Company ("Omni") is authorized under the insurance laws of this State and by the Director as an Illinois domiciled multi-line property and casualty insurance company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of Omni was conducted by duly qualified examiners of the Illinois Department of Insurance pursuant to Sections 131.21, 132, 401, 402 and 425 of the Insurance Code (215 ILCS 5/131.21, 5/132, 5/401, 5/402 and 5/425); and

WHEREAS, the Department of Insurance examiners have filed an examination report as an official document of the Department of Insurance as a result of the Market Conduct Examination; and

WHEREAS, said report cited various areas in which Omni was not in compliance with the Illinois Insurance Code (215 ILCS 5/1, *et seq.*) and Department Regulations (50 Ill. Adm. Code 101, *et seq.*); and

WHEREAS, nothing herein contained, nor any action taken by Omni in connection herewith, shall constitute, or be construed as, or be deemed to be, an admission of fault, liability or wrongdoing of any kind whatsoever on the part of any party hereto.

WHEREAS, Omni is aware of and understands its various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407 and 407.2 (2000) of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, Omni understands and agrees that by entering into this Stipulation and Consent Order, it waives any and all rights to notice and hearing; and

WHEREAS, Omni and the Director of the Department of Insurance, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

THEREFORE, IT IS agreed by and between Omni and the Director of the Department of Insurance as follows:

1. That the Market Conduct Examination indicated various areas in which Omni was not in compliance with provisions of the Illinois Insurance Code and/or Department Regulations; and

2. That the Director of the Department of Insurance and Omni consent to this Order requiring Omni to take certain actions to come into compliance with provisions of the Illinois Insurance Code and/or Department Regulations.

THEREFORE, IT IS HEREBY AGREED TO BY Omni and HEREBY ORDERED by Andrew Boron, Director of the Department of Insurance, that Omni shall:

1. Institute and maintain procedures whereby all policyholders whose policies are being cancelled are provided a 30 day advanced notice of cancellation as mandated by 215 ILCS 5/143.15.

2. Institute and maintain procedures whereby all first party claimants whose claims remain open for more than 40 days from the date of report to the date of final payment are provided with a reasonable written explanation for delay in payment of their claims as required by 50 Ill. Adm. Code 919.80(b)(2).

3. Institute and maintain procedures whereby all third party claimants whose claims remain open in excess of 60 days from the date of report to the date of final payment are provided with a reasonable written explanation for delay in payment of their claims as required by 50 Ill. Adm. Code 919.80(b)(3).

4. Institute and maintain procedures whereby all insureds with a total loss of their vehicle are provided, at a minimum, with the information contained in Exhibit A as required by 50 Ill. Adm. Code 919.80(c).

5. Institute and maintain procedures whereby all insureds with a total loss of their vehicle receive a fair and equitable settlement based on the value of the vehicle determined in the claims process as mandated by 215 ILCS 5/154.6(d).

6. Institute and maintain procedures whereby all insureds with a total loss claim are treated equally when paying the tax, title and transfer fees as mandated by 215 ILCS 5/154.6(d).

7. Institute and maintain procedures whereby no advanced charge deductions for storage are made when there are no excessive charges as a result of the insured's own actions as mandated by 50 Ill. Adm. Code 919.80(d)(3).

8. Institute and maintain procedures whereby the median calculation for first party total loss claims is 40 days or below as required by 50 Ill. Adm. Code 919.80(b)(2).

9. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above eight (8) Orders within 30 days of receipt of this Order.

10. Submit to the Director of Insurance, State of Illinois, a civil forfeiture of \$10,000 to be paid within 30 days of receipt of this Order.

11. Submit to a compliance examination within one (1) year from the filing of this Order.

NOTHING herein contained shall prevent the Director of the Department of Insurance from taking any and all appropriate action should Omni violate any provision of the Insurance Code, Department Regulations, or this Order.

A VIOLATION of the above Order may cause revocation of the licensing authority of Omni pursuant to Section 407.2 of the Illinois Insurance Code (215 ILCS 5/407.2).

On behalf of:
Omni Indemnity Company

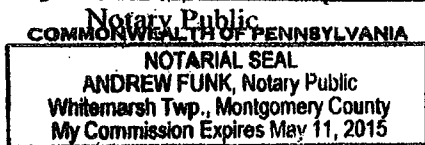
Signature: [Signature]

Name: Bruce Arneson

Title: President

SUBSCRIBED and SWORN to before me
this 31st day of December, 2012

[Signature]



ILLINOIS DEPARTMENT OF INSURANCE

Andrew Boron
Andrew Boron,
Director

Date: January 2, 2013



INDEPENDENT INSURANCE INVESTMENTS INC

P.O. BOX 3000, PLYMOUTH MEETING, PA 19462
(610) 832-4940 • FAX (610) 832-5323

January 22, 2013

Mary L. Smith
Chief Legal Counsel
Illinois Department of Insurance
100 W. Randolph St. Suite 9-301
Chicago, IL 60601-3395

Re: Omni Indemnity Insurance Company
NAIC # 34940
Market Conduct Final Response

Dear Ms. Smith:

This is in response to your letter dated January 3rd, 2013. We have previously sent the check for \$10,000 under separate cover. The attached is in response to the proof of compliance requested.

Please contact me at 1-800-954-2442 x 8813 or barneson@aiico.com should you have any further questions.

Sincerely,

Bruce Ameson
President
Omni Indemnity Insurance Company

7. Institute and maintain procedures whereby no advanced charge deductions for storage are made when there are no excessive charges as a result of the insured's own actions as mandated by 50 Ill. Adm. Code 919.80(d)(3).

Company Response: The Company is committed to paying all fair and reasonable advance charges for storage.

8. Institute and maintain procedures whereby the median calculation for first party total loss claims is 40 days or below as required by 50 Ill. Adm. Code 919.80(b)(2).

Company Response: The Company is committed to resolving first party total loss claims within 40 days or less. However, when first party claims do exceed 40 days, the Company is issuing reasonable written explanations for the delay in compliance with Administrative Code 919.80 (b)(2).



OMNI INSURANCE COMPANY
P.O. BOX 105019
ATLANTA, GA 30348-5019
PHONE: 800-727-8664 / FAX: 800-680-1904

Date

Policy Number:

Claim Number:

Date of Loss:

Dear ,

We are in the process of investigating the above referenced claim and are unable to complete the investigation/ and or issue payment in the time required by the state of Illinois (Illinois Administrative Code -- Section 919.80). Per the standards set forth by the state of Illinois, we are formally notifying you that we will need additional time due to the following reasons:

Part 919 of the Rules of the Illinois Department of Insurance requires that our company advise you that if you wish to take this matter up with the Illinois Department of Insurance, it maintains a Consumer Division in Chicago at 100 W. Randolph Street, Suite 15-100, Chicago, Illinois 60601 and in Springfield at 320 West Washington Street, Springfield, Illinois 62767.

If you have any questions, please feel free to contact me at the number above.

Sincerely,

Adjuster Ext. #

Adj Title



OMNI INSURANCE COMPANY
P.O. BOX 105019
ATLANTA, GA 30348-5019
PHONE: 800-727-6664 / FAX: 800-680-1904

Date:

Policy Number:

Claim Number:

Date of Loss:

Dear ,

The following is an explanation of what you should know about automobile total loss settlements. We have also included a copy of your total loss evaluation for your reference.

Total Loss Claims

When you are involved in an automobile accident, one of the first things you may have to do is file a claim for damages to your vehicle. If your car is a total loss, this procedure can sometimes be confusing. Your automobile insurance policy requires both you and your insurance company to follow certain steps after a loss occurs.

This letter summarizes those requirements and outlines your rights. The Illinois Department of Insurance has established regulations to protect you when you file an insurance claim. It is also important that you read your policy carefully so that you clearly understand your responsibilities. If you still have questions, you can contact The Illinois Consumer Services Section at one of the following locations:

320 West Washington St. Springfield, IL 62767 217) 782-7446	OR	100 West Randolph St. Suite 15-100 Chicago, IL 60601 312) 917-2427
---	----	--

Your Duties

1. You must immediately report all losses directly to your insurance producer or company.
2. If you suspect theft or vandalism, you must also report it immediately to the police. If you fail to do so, your company may deny your claim.
3. You must protect your automobile from further damage. For example, if you fail to cover a broken windshield and the upholstery is damaged by rain, your company can refuse to repair the seat.
4. Most insurance policies require that, within 91 days after the loss, you must submit a sworn proof of loss. A sworn proof of loss usually states the date of loss, how it happened, and for what purpose the automobile was being used. If you fail to submit a proof of loss your company may deny your claim.
5. You must cooperate with the insurance company, submit to examination under oath, if so requested, and show them the damaged property. If you fail to cooperate your company may deny your claim.
You should review the Conditions section of your policy for other possible requirements.

Your Insurance Company's Duties:

When you file an automobile insurance claim, your insurance company has three options:

1. Replace the damaged or stolen property;
2. Repair the damaged property; or
3. Pay for the loss in cash.

Insurance Department regulations require the company to follow certain standards for each option.

Replacement

If the insurance company elects to replace your vehicle, the replacement must be a specific make and model comparable to your totaled vehicle and it must be available in as good or better overall condition than your totaled vehicle. Replacement vehicles must be purchased through licensed dealers. Vehicles that are no more than three years old must be warranted.

If you reject a replacement vehicle, the insurance company must pay only the amount it would have otherwise paid for the replacement vehicle including applicable taxes, transfer and title fees. The company must offer you the replacement vehicle and you must reject the offer. If you desire a replacement vehicle of similar value, this replacement method is also permitted.

Cash Settlement

If the insurance company elects to make a cash settlement for your totaled vehicle, they must first determine its retail value. Companies normally use guide books or computerized data marketed by various sources.

If your vehicle is not listed in one of these sources, the company can use written dealer quotes. Ordinarily, however, newspaper advertisements are not acceptable sources of market value.

Payment of Sales Tax

If within 30 days of a cash settlement, you can prove that you have purchased another vehicle, the company must pay the applicable sales tax, transfer and title fees in an amount equivalent to the value of the total loss vehicle. If you purchase a vehicle with a market value less than the amount previously settled upon, the company must pay you only the amount of sales tax that you actually incurred and include transfer and title fees. Your insurance company must give you written notice of this procedure.

Betterment Deductions

The insurance company is allowed to make deductions from the retail value if your automobile has old, unrepaired collision damages. There is no limit to the amount of the deduction.

The insurance company can also make deductions for wear and tear, missing parts and rust, but the maximum deduction may not exceed \$500.00.

All deductions must be itemized and specified as to dollar amount.

Retaining Your Totaled Vehicle

In an effort to minimize automobile 'chop shop' crime, the Illinois Vehicle Code does not permit you the right to retain the salvage once your automobile has been deemed a total loss by your insurance company. The insurance company must take possession of the vehicle, if the vehicle is eight model years or newer.

Right of Recourse

If you cannot locate a replacement vehicle within 30 days of receiving a cash settlement, you may have some additional rights under your insurance contract.

If you cannot purchase a substantially similar vehicle for the market value determined by the company, but you have located a substantially similar vehicle that costs more, the following procedures(s) shall apply.

1. The company shall either pay you the difference between the original settlement and the amount of the substantially similar vehicle which you have located or attempt to purchase this vehicle for you; or
2. The company shall locate a comparable vehicle for you at the market value determined by the company at the time of settlement; or
3. The company shall conclude the loss settlement as provided under the appraisal section of the insurance policy.

Your insurance company must give you written notice of this procedure once your vehicle has been determined a total loss. This chart should assist you in determining the retail value of your

automobile.

	Value
Make of Automobile	_____
Model	_____
Engine Size	_____
Type Transmission (Auto/Standard)	_____
Power Steering	_____
Power Brakes	_____
Power Windows	_____
Air Conditioner	_____
Vinyl Roof	_____
Cruise Control	_____
Tilt Wheel/Telescope Wheel	_____
Power Locks	_____
Power Seats	_____
AM/FM Radio	_____
Stereo/Tape	_____
Rear Defog	_____
Mileage: Low/High	_____
Subtotal	_____
Minus Deductible	_____
Total	_____

The above figure represents an average automobile. Your automobile may be worth more or less than the above figure because of options on the automobile which are not listed in a guide book or because of the excessive wear and tear or old unrepaired damage to the automobile.

Sincerely,

Adjuster Ext. #
Adj Title



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

February 7, 2013

Bruce Scott Arneson
President
Omni Indemnity Insurance Company
NAIC # 34940
1862 Charter Lane, Suite 102
Lancaster, PA 17601

*sent via USPS certified mail
return receipt requested*

Re: Market Conduct Examination
Stipulation and Consent Order Proof of Compliance

Dear Mr. Arneson,

Thank you for submitting the civil penalty agreed to in the Stipulation and Consent Order. The Department is also in receipt of Omni Indemnity Insurance Company's proof of compliance submitted with a cover letter dated January 22, 2013. The information submitted with the January 22, 2013 letter does not constitute satisfactory proof of compliance. The Department will need more and additional information to determine Omni's compliance with the Orders set forth in the Stipulation and Consent Order.

Order One requires Omni to "Institute and maintain procedures whereby all policyholders whose policies are being cancelled are provided a 30 day advanced notice of cancellation as mandated by 215 ILCS 5/143.15." Omni did not submit proof of compliance with this Order. The Department requests a copy of Omni's procedures relating to cancellation and an example of recent notice of cancellation as sent to a claimant.

Orders Two and Three require Omni to institute and maintain procedures whereby first and third party whose claims have remained open for more than 40 and 60 days, respectively, from the date of report to the date of final payment with a reasonable written explanation for delay in payment of their claims as required by 50 Ill. Adm. Code 919.80(b)(2) & (3). The Department is in receipt of the Omni's example delay letter, which was presumably submitted as proof of compliance for both Orders Two and Three, and has determined it is not satisfactory proof of compliance. The Department requests copies of revised 919.80(b)(2) and 919.80(b)(3) delay letters that include the time delay, 40 or 60 days, in the body of the letter as they have already been sent to claimants. The 919.80(b)(3) letter should also include the policyholder name as the 919.80(b)(3) letter is sent to a third party.

Order Four requires Omni "Institute and maintain procedures whereby all insureds with a total loss of their vehicle are provided, at a minimum, with the information contained in Exhibit A as required by 50 Ill. Adm. Code 919.80(c)." The Department is in receipt of the example total loss claim letter as submitted with the January 22, 2013 letter and, upon review, has determined it is not satisfactory proof of compliance. The format of the letter is presented in a way that could be confusing to a claimant. We

request the letter be revised and if information is used from the Department's website or a Department publication please specify the source of the information in the letter. Please send copies of the revised letters that have already been sent to claimants.

Order Five requires Omni to "Institute and maintain procedures whereby all insureds with a total loss of their vehicle receive a fair and equitable settlement based on the value of the vehicle determined in the claims process as mandated by 215 ILCS 5/154.6(d)." Omni did not submit proof of compliance with Order Five. We request a copy of Omni's procedures or instructions provided to claims adjusters regarding settlement of total loss claims.

Order Six requires Omni to "Institute and maintain procedures whereby all insureds with a total loss claim are treated equally when paying the tax, title and transfer fees as mandated by 215 ILCS 5/154.6(d)." Omni did not submit proof of compliance with Order Six. We request a copy of Omni's procedures or instructions provided to claims adjusters regarding settlement of total loss claims.

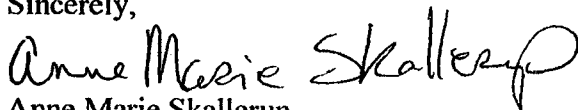
Order Seven requires Omni to "Institute and maintain procedures whereby no advanced charge deductions for storage are made when there are no excessive charges as a result of the insured's own actions as mandated by 50 Ill. Adm. Code 919.80(d)(3)." Omni submitted a statement that it is "committed to paying all fair and reasonable advance charges for storage" as proof of compliance with its January 22, 2013 letter. This statement is not proof of satisfactory proof of compliance with Order Seven. We request a copy of Omni's claims procedures or instructions regarding towing and storage charges be submitted to the Department for compliance review.

Order Eight requires Omni to "Institute and maintain procedures whereby the median calculation for first party total loss claims is 40 days or below as required by 50 Ill. Adm. Code 919.80(b)(2)." Omni submitted a statement that it is "committed to resolving first party total loss claims within 40 days or less. However, when first party claims do exceeds 40 days, the Company is issuing reasonable written explanation for the delay in compliance with Administrative Code 919.80(b)(2)" as proof of compliance with its January 22, 2013 letter. This statement is not proof of satisfactory proof of compliance with Order Eight. The Department requests a copy of the claims procedures and a description of how compliance with the claims procedures will be evaluated to ensure a 40 day median is achieved and maintained. The 919.80(b)(2) letter has been addressed above in the paragraph regarding Orders Two and Three.

Please submit the above requested information by close of business day Monday, February 25, 2013. Please be aware that a violation of the Stipulation and Consent Order may cause the revocation of Omni's licensing authority of Omni pursuant to Section 407.2 of the Illinois Insurance Code (215 ILCS 5/407.2). Enclosed you will find a copy of the executed Stipulation and Consent Order for reference.

Please contact me if you have any questions in this matter.

Sincerely,



Anne Marie Skallerup
Staff Attorney
312-814-5410

Enclosures: Stipulation and Consent Order

cc: M. Smith
S. Hanfling

320 West Washington St.
Springfield, Illinois 62767-0001
(217) 782-4515



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

February 19, 2013

Sent via Email and USPS Mail

Bruce Scott Arneson
President
Omni Indemnity Insurance Company
NAIC # 34940
1862 Charter Lane, Suite 102
Lancaster, PA 17601

Re: Omni Market Conduct Examination
Request for Extension of Time to Submit Additional and Further Proof of Compliance

Dear Mr. Arneson,

The Illinois Department of Insurance is in receipt of your email dated February 19, 2013 requesting an extension of time to submit additional and further proof of compliance with the Stipulation and Consent Orders as requested by the Department in a letter dated February 7, 2013, to March 4, 2013. The Department hereby grants your request for an extension.

Please submit proof of compliance by close of business day Monday, March 4, 2013. No further extensions will be granted. Failure to submit proof of compliance by the indicated date will result in further action being taken by the Department.

Please contact me if you have any questions in this matter.

Sincerely,

Anne Marie Skallerup
Staff Attorney
312-814-5410

cc: M. Smith



AMERICAN INDEPENDENT COMPANIES INC.

P.O. BOX 3000, PLYMOUTH MEETING, PA 19462
(610) 832-4940 • FAX (610) 832-5323

February 25, 2013

Anne Marie Skallerup
Staff Attorney
Illinois Insurance Department
100 W. Randolph St. 9th Floor
Chicago, Illinois 60601

Re: Omni Indemnity Insurance Company
Market Conduct Examination
Stipulation and Consent Order Proof of Compliance

Dear Ms. Skallerup,

This is in response to your letter of February 7, 2013 requesting further Proof of Compliance on several items that were identified in the Market Conduct Examination. Attached are the answers as well as examples showing Proof of Compliance.

1. Order One requires Omni to "Institute and maintain procedures whereby all policyholders whose policies are being canceled are provided a 30 day advance notice of cancellation as mandated by 215 ILCS 5/143.15." Omni did not submit proof of compliance with this Order. The Department requests a copy of Omni's procedures related to cancellation and an example of recent notice of cancellation sent to claimant.

Company Response: Attached is Omni's Cancellation Guidelines used for Illinois. It shows that 30 days is needed for any cancellation except for Nonpayment. Also attached are two examples of Omni's Notice of Intent to Cancel. They use an effective date of cancellation of 30 days plus mail time. Our mail time addition is usually 5 days. Please let me know if there are any further questions on this.

2. Institute and maintain procedures whereby all first party claimants whose claims remain open for more than 40 days from the date of report to the date of final payment are provided with a reasonable written explanation for delay in payment of their claims as required by 50 Ill. Adm. Code 919.80(b)(2).

Company Response: The Company has established a form letter entitled "Illinois Extension Letter" that allows Claim Representatives to include specific explanations for delay in payment to first party claimants. Additionally, the Company established an automatic diary set for 30 days from the date of report instructing assigned Claim Representatives to send the Illinois Extension Letter.

Company's Supplemental Response: The Company has now added the requested 40 day time delay verbiage to the body of our delay letter and enclose a copy of the updated letter recently sent on a claim file.

3. Institute and maintain procedures whereby all third party claimants whose claims remain open in excess of 60 days from the date of report to the date of final payment are provided with a reasonable written explanation for delay in payment of their claims as required by 50 Ill. Adm. Code 919.80(b)(3).

Company Response: The Company has established a form letter entitled "Illinois Extension Letter" that allows Claim Representatives to include specific explanations for delay in payment to third party claimants. Additionally, the Company established an automatic diary set for 50 days from the date of report instructing assigned Claim Representatives to send the Illinois Extension Letter.

Company's Supplemental Response: The Company has now added the requested 60 day time delay verbiage to the body of our delay letter and added our policyholder name in the letter's reference line. A copy of the updated letter recently send on a claim file is enclosed for the department's review.

4. Institute and maintain procedures whereby all insureds with a total loss of their vehicle are provided, at a minimum, with the information contained in Exhibit A as required by 50 Ill. Adm. Code 919.80(c).

Company Response: In February 2011, the Company established a corrected Illinois total loss letter that now includes Exhibit A of Rule 919.80 of the Illinois Required Claim Practices. The Company also established specific Total Loss Claim Representatives and conducted staff training explaining the use of the new letter and that it had to be sent within 7 days of the total loss determination for first party claims.

Company's Supplemental Response: The Company is not clear as to how our form letter is potentially confusing. Upon advice from the on-site Illinois market conduct auditor, the company adopted the Illinois Department of Insurance's "Rule 919 Exhibit A – Rights of Recourse" document. See http://insurance.illinois.gov/autoinsurance/total_loss_auto.pdf from the Illinois DOI website. If the department can specify how the Company can clear any potential confusion from our form letter, the Company will be happy to consider those changes.

5. Institute and maintain procedures whereby all insureds with a total loss of their vehicle receive a fair and equitable settlement based on the value of the vehicle determined in the claims process as mandated by 215 ILCS 5/154.6(d).

Company Response: The Company evaluates total losses utilizing software provided by industry leader CCC. The Company has also appointed specific Total Loss Claim Representatives and requires Supervisor review and approval of all total loss evaluations to ensure correct and accurate total loss settlement offers.

Company's Supplemental Response: Please see the attached Illinois Claims Handling Reference Guide that has been used for training of our claims staff.

6. Institute and maintain procedures whereby all insureds with a total loss claim are treated equally when paying the tax, title and transfer fees as mandated by 215 ILCS 5/154.6(d).

Company Response: The Company is reimbursing total loss taxes and fees to first party claimants when they are able to provide documentation that they have replaced the total loss vehicle within 30 days of the loss. Again, Supervisors are required to review and approve all total loss evaluations to ensure proper taxes and fees are considered.

Company's Supplemental Response: Please see the attached Illinois Claims Handling Reference Guide that has been used for training of our claims staff.

7. Institute and maintain procedures whereby no advanced charge deductions for storage are made when there are no excessive charges as a result of the insured's own actions as mandated by 50 Ill. Adm. Code 919.80(d)(3).

Company Response: The Company is committed to paying all fair and reasonable advance charges for storage.

Company's Supplemental Response: Please see the attached Illinois Claims Handling Reference Guide that has been used for training of our claims staff.

8. Institute and maintain procedures whereby the median calculation for first party total loss claims is 40 days or below as required by 50 Ill. Adm. Code 919.80(b)(2).

Company Response: The Company is committed to resolving first party total loss claims within 40 days or less. However, when first party claims do exceed 40 days, the Company is issuing reasonable written explanations for the delay in compliance with Administrative Code 919.80 (b)(2).

Company's Supplemental Response: The Company encloses our Total Loss Best Practices for handling total losses for all states. To ensure compliance with maintaining a 40 day median cycle time for first party total loss claims, the Total Loss Team Leader will maintain a running log of all Illinois total losses and maintain those claims on a dual diary to push for prompt handling and settlement.

Illinois Claims Handling Reference Guide-

The claim must be acknowledged with all parties within 21 working days from notification of loss. 919.40

Upon receipt of any communication, you must respond within 15 working days at a maximum. The communication may be from any source type that is materially related to the claim. 919.40

If you are unable to settle a first party claim within 40 calendar days from the date of report, you must send them a delay letter with a reasonable explanation for the delay. The Illinois extension letter includes the "Notice of Availability". 919.80 b) 2)

The delay letter will be considered reasonable if they exhibit a rational reason for the delay and are not frivolous. 919.80 b) 4)

Only one delay letter is needed.

If you are unable to settle a third party claim within 60 calendar days from the date of report, you must send them a delay letter with a reasonable explanation for the delay. The Illinois extension letter includes the "Notice of Availability". 919.80 b) 3)

The delay letter will be considered reasonable if it exhibits a rational reason for the delay and is not frivolous. 919.80 b) 4)

Only one delay letter is needed.

The company shall tender payment within 30 days after affirmation of liability, if the amount of the claim is determined and not in dispute. 919.50 a)

For first party claims, if you issue "less" than the amount being claimed, or if payment is being denied altogether, you must send the first party claimant the appropriate Illinois denial letter. All Illinois denial letters are in the system. First party Illinois denial letters include the "Notice of Availability". 919.50 a) 1)

Once liability is determined, if you deny a claim to a THIRD party claimant, you must issue the third party claimant a written denial letter within 30 days. The third party denial letter does not include the "Notice of Availability". 919.50 a) 2)

The company will pay all reasonable and customary storage charges. If charges are deemed excessive, the company will attempt to negotiate the charges with the applicable storage yard and/or discuss the issue with the insured or claimant. If a settlement deduction for excessive storage is taken, an applicable first or third party IL denial letter shall be issued to the vehicle owner.

When settling a total loss with a first party claimant, you must provide them with a copy of the total loss evaluation and the "The Illinois Total Loss Right of Recourse" letter within seven days from the total loss determination. The Total Loss Right of Recourse letter is also known as "Exhibit A." A copy of Exhibit A is attached. The third party would not receive an "Illinois Total Loss Right of Recourse" letter. Exhibit A explains additional right to the insured if they are unable to locate a replacement vehicle within 30 days of receiving the cash settlement.

When settling a first party total loss, the sales tax, transfer fee and title fee will be reimbursed to the insured if the insured replaces the vehicle within 30 days of the settlement and submits the documentation to the company within 33 days after receipt of the settlement.

The taxes and fees would be paid as follows:

If the insured's replacement vehicle has a value "less" than the settlement amount, we are only required to reimburse taxes, title and transfer fees paid on the replacement vehicle.

If the insured's replacement vehicle is "more" than the settlement amount, we are only required to reimburse taxes, title and transfer fees based on the vehicle which was totaled.

When settling a third party total loss, the sales tax, transfer fee and title fee are not owed.

When settling a first party total loss, we must retain the vehicle if the vehicle is eight model years or newer.

When settling a partial loss, if the first party can not locate a repair facility to repair the vehicle for the amount of our estimate, then we must be able to provide the name of a repair facility that can complete the repair for said amount.



OMNI INDEMNITY COMPANY
P.O. BOX 105019
ATLANTA, GA 30348-5019
PHONE: 800-727-6664 / FAX: 800-680-1904

[REDACTED]

February 19, 2013

Policy Number: [REDACTED]

Claim Number: [REDACTED]

Date of Loss: 12/23/2012

Policyholder Name: [REDACTED]

Dear [REDACTED],

We are in the process of investigating the above referenced claim and are unable to complete the investigation/ and or issue payment in the time required by the state of Illinois (Illinois Administrative Code – Section 919.80). Per the standards set forth by the state of Illinois, we are required to notify you within 40 calendar days from the date the claim is reported that we will need additional time due to the following reasons: We still need to speak with you regarding this loss.

Part 919 of the Rules of the Illinois Department of Insurance requires that our company advise you that if you wish to take this matter up with the Illinois Department of Insurance, it maintains a Consumer Division in Chicago at 100 W. Randolph Street, Suite 15-100, Chicago, Illinois 60601 and in Springfield at 320 West Washington Street, Springfield, Illinois 62767.

If you have any questions, please feel free to contact me at the number above.

Sincerely,

Clarice Williams Ext. 29658
Claims Representative



OMNI INDEMNITY COMPANY
P.O. BOX 105019
ATLANTA, GA 30348-5019
PHONE: 800-727-6664 / FAX: 800-680-1904

[REDACTED]

February 21, 2013

Policy Number: [REDACTED]
Claim Number: [REDACTED]
Date of Loss: 01/02/2013
Policyholder Name: [REDACTED]

Dear [REDACTED]

We are in the process of investigating the above referenced claim and are unable to complete the investigation/ and or issue payment in the time required by the state of Illinois (Illinois Administrative Code -- Section 919.80). Per the standards set forth by the state of Illinois, we are required to notify you within 60 calendar days from the date the claim has been reported that we will need additional time due to the following reasons:

We await a copy of your title and signed owner retention agreement form .

Part 919 of the Rules of the Illinois Department of Insurance requires that our company advise you that if you wish to take this matter up with the Illinois Department of Insurance, it maintains a Consumer Division in Chicago at 100 W. Randolph Street, Suite 15-100, Chicago, Illinois 60601 and in Springfield at 320 West Washington Street, Springfield, Illinois 62767.

If you have any questions, please feel free to contact me at the number above.

Sincerely,

LaTonya Taylor Ext. 29310
Claims Representative



P.O. Box 105440, Atlanta, GA 30348-5440
NOTICE OF INTENT TO CANCEL
(Illinois)

Mailing Date: 02/18/2013

Agent Code: 200
PSI Test Agent
2760 Airport Dr
Columbus, OH 43219 1111

Policy Number: [REDACTED]

Named Insured: [REDACTED]

TYPE OF POLICY: Private Passenger Auto

CANCELLATION WILL TAKE EFFECT at 12.01 A.M on 03/23/2013

THE REASON FOR THIS CANCELLATION IS:

Did Not Forward Essential Information

You are hereby notified in accordance with the terms and conditions of the above mentioned policy and in accordance with the law, that your insurance will cease at and from the hour and date mentioned above. If the premium has been paid, premium adjustments will be made as soon as the cancellation becomes effective. If the premium has not been paid, a bill for the premium earned to the time of cancellation will be forwarded in due course.

You may be eligible for automobile insurance through the Illinois Automobile Insurance Assigned Risk Plan. Contact your local agent for information.

If you wish to appeal the reasons for cancellation, you must mail or deliver to the Director of Insurance a written request for a hearing which shall clearly state the basis for the appeal at least 20 days prior to the effective date of cancellation.

VEHICLES COVERED BY POLICY:

YEAR MAKE/MODEL

VIN

2005 TOYOTA CAMRY BASE/LE/SE/XLE

[REDACTED VIN]

Please call our Customer Service Department at 1-800-777-6664 should you have any questions.



P.O. Box 105440, Atlanta, GA 30348-5440
NOTICE OF INTENT TO CANCEL
(Illinois)

Mailing Date: 02/18/2013

Agent Code: 200
PSI Test Agent
2760 Airport Dr
Columbus, OH 43219 1111

Policy Number: [REDACTED]

TYPE OF POLICY: Private Passenger Auto

Named Insured: [REDACTED]

CANCELLATION WILL TAKE EFFECT at 12.01 A.M on 03/23/2013

THE REASON FOR THIS CANCELLATION IS:

Suspended Drivers License

You are here by notified in accordance with the terms and conditions of the above mentioned policy and in accordance with the law, that your insurance will cease at and from the hour and date mentioned above. If the premium has been paid, premium adjustments will be made as soon as the cancellation becomes effective. If the premium has not been paid, a bill for the premium earned to the time of cancellation will be forwarded in due course.

You may be eligible for automobile insurance through the Illinois Automobile Insurance Assigned Risk Plan. Contact your local agent for information.

If you wish to appeal the reasons for cancellation, you must mail or deliver to the Director of Insurance a written request for a hearing which shall clearly state the basis for the appeal at least 20 days prior to the effective date of cancellation.

VEHICLES COVERED BY POLICY:

YEAR MAKE/MODEL

VIN

2011 ACURA TL

[REDACTED]

Please call our Customer Service Department at 1-800-777-6664 should you have any questions.

**OMNI INDEMNITY COMPANY
CANCELLATION AND NONRENEWAL GUIDELINES**

Nonpayment of premium to Omni. Unpaid Premiums Pro Rated. 10 Days Notice
Insured request. Unpaid Premium Pro Rated.

Is there a free look? Yes

If yes, how long? 60 Days Notice

Company request. Premiums Pro Rated 30 Days Notice

Cancellation Reason must be specific.

Company request AFTER free look Premiums Pro Rated 30 Days Notice

Cancellation after 60 days is only for the following reasons:

- a. Nonpayment of premium;
- b. The policy was obtained through a material misrepresentation;
- c. Any insured violated any of the terms and conditions of the policy;
- d. The named insured failed to disclose fully his motor vehicle accidents and moving traffic violations for the preceding 36 months if called for in the application;
- e. Any insured made a false or fraudulent claim of knowingly aided or abetted another in the presentation of such a claim;
- f. The named insured or any other operator who either resides in the same household or customarily operates an automobile insured under such policy:
 1. has, within the 12 months prior to the notice of cancellation, had his driver's license under suspension or revocation.
 2. is or becomes subject to epilepsy or heart attacks, and such individual does not produce a certificate from a physician testifying to his unqualified ability to operate a motor vehicle safely;
 3. has an accident record, conviction record (criminal or traffic), physical, or mental condition which is such that his operation of an automobile might endanger the public safety;
 4. has, within the 36 months prior to the notice of cancellation, been addicted to the use of narcotics or other drugs; or
 5. has been convicted, or forfeited bail, during the 36 months immediately preceding the notice of cancellation, for any felony, criminal negligence resulting in death, homicide or assault arising out of the operation of a motor vehicle, operating a motor vehicle which in an intoxicated condition or while under the influence of drugs, being intoxicated while in, or about, an automobile or while having custody of an automobile, leaving the scene of an accident without stopping to report, theft or unlawful taking of a motor vehicle, making false statements in an application for an operator's or chauffeur's license or has been convicted or forfeited bail for 3 or more violations within the 12 months immediately preceding the notice of cancellation, of any law, ordinance, or regulation limiting the speed of motor vehicles or any of the provisions of the motor vehicle laws of any state, violation of which constitutes a misdemeanor, whether or not the violations were repetitions of the same offense of different offenses;
- g. The insured automobile is:
 1. so mechanically defective that its operation might endanger public safety;
 2. used in carrying passengers for hire or compensation (the use of an automobile for a car pool shall not be considered use of an automobile for hire or compensation);
 3. used in the business of transportation of flammables or explosives;
 4. an authorized emergency vehicle;
 5. changed in shape or condition during the policy period so as to increase the risk substantially; or
 6. subject to an inspection law and has not been inspected or, if inspected, has failed qualify.

Days notice for non-renewals: Days Notice - 60

Reasons for cancellations or non-renewals must be specific.

Illinois law has a rule that if the policy has been in effect for 5 years or more, we will only nonrenew or refuse to continue the policy if we mail our intent 60 days prior to the expiration date. Rather than have coding to separate new business and renewals up to 5 year anniversary, just apply the 60 day rule regardless of term.

Skallerup, AnneMarie

From: Arneson, Bruce (AIC, Executive) [BArneson@aiico.com]
Sent: Tuesday, March 26, 2013 10:01 AM
To: Skallerup, AnneMarie
Subject: Omni Market Conduct Remaining Claim Delay Letters
Attachments: Claims Delay Letter.pdf; Claims Delay Letter 40 day.pdf

I believe these are the two outstanding issues to be resolved concerning the Omni Market Conduct Exam. You said that you wanted us to put the date the claim started on the delay letters. That is what we have done and used it on two live claims. Please let me know if this provides satisfactory resolution.

Bruce

This communication, including attachments, is for the exclusive use of addressee and may contain proprietary, confidential and/or privileged information. If you are not the intended recipient, any use, copying, disclosure, dissemination or distribution is strictly prohibited. If you are not the intended recipient, please notify the sender immediately by return e-mail, delete this communication and destroy all copies.



OMNI INDEMNITY COMPANY
P.O. BOX 105019
ATLANTA, GA 30348-5019
PHONE: 800-727-6664 / FAX: 800-680-1904

[REDACTED]

March 21, 2013
Claim Start Date: 02/20/2013
Policy Number: [REDACTED]
Claim Number: [REDACTED]
Date of Loss: 02/20/2013
Policyholder Name: [REDACTED]

Dear [REDACTED]

We are in the process of investigating the above referenced claim and are unable to complete the investigation/ and or issue payment in the time required by the state of Illinois (Illinois Administrative Code – Section 919.80). Per the standards set forth by the state of Illinois, we are required to notify you within 40 calendar days from the date the claim is reported that we will need additional time due to the following reasons: We have been unsuccessful in reaching you in regards to the above referenced auto accident. Please contact me upon receipt of this letter.

Part 919 of the Rules of the Illinois Department of Insurance requires that our company advise you that if you wish to take this matter up with the Illinois Department of Insurance, it maintains a Consumer Division in Chicago at 100 W. Randolph Street, Suite 15-100, Chicago, Illinois 60601 and in Springfield at 320 West Washington Street, Springfield, Illinois 62767.

If you have any questions, please feel free to contact me at the number above.

Sincerely,

Althea Patterson Ext. 3517
Claims



OMNI INDEMNITY COMPANY
P.O. BOX 105019
ATLANTA, GA 30348-5019
PHONE: 800-727-6664 / FAX: 800-680-1904



March 21, 2013

Claim Start Date: 02/18/2013

Policy Number: [REDACTED]

Claim Number: [REDACTED]

Date of Loss: 02/15/2013

Policyholder Name: [REDACTED]

Dear [REDACTED]

We are in the process of investigating the above referenced claim and are unable to complete the investigation/ and or issue payment in the time required by the state of Illinois (Illinois Administrative Code – Section 919.80). Per the standards set forth by the state of Illinois, we are required to notify you within 60 calendar days from the date the claim has been reported that we will need additional time due to the following reasons: We are waiting for the owner retention documents to complete the total loss.

Part 919 of the Rules of the Illinois Department of Insurance requires that our company advise you that if you wish to take this matter up with the Illinois Department of Insurance, it maintains a Consumer Division in Chicago at 100 W. Randolph Street, Suite 15-100, Chicago, Illinois 60601 and in Springfield at 320 West Washington Street, Springfield, Illinois 62767.

If you have any questions, please feel free to contact me at the number above.

Sincerely,

Althea Patterson Ext. 3517
Claims



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

March 29, 2013

Sent via U.S.P.S. Certified Mail and Email

*return receipt request

Bruce Scott Arneson
President
Omni Indemnity Insurance Company
NAIC # 34940
1862 Charter Lane, Suite 102
Lancaster, PA 17601

Re: Market Conduct Examination

Dear Mr. Arneson,

The Department received your email of March 26, 2013 with the attached additional proof of compliance as requested. We have reviewed the proof and have determined it is satisfactory. Omni has submitted satisfactory proofs of compliance with Orders #1 through 11. The Department will now be closing its file on this exam.

I would like to take this opportunity to thank both yourself and the employees of the Omni Indemnity Insurance Company for the courtesy and professionalism shown to the Department and its examiners through the examination process. Please be advised that I intend to request that the Director make the Market Conduct Examination report public pursuant to Section 132 of the Illinois Insurance Code. (215 ILCS 5/132).

Sincerely,

Anne Marie Skallerup
Staff Attorney

cc: M. Smith
S. Hanfling